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11th Annual
Top 100 Fleets

a bobit publication

# automotive FLEET

CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

**Recycling Trends**
**One-Ton Truck Review**
**Creating Fleet Policy**
**Chevrolet Assesses 1990**
**Fleet Expense Analysis**

1991 Chevrolet Caprice

BEST AVAILABLE COPY

automotive
# FLEET®

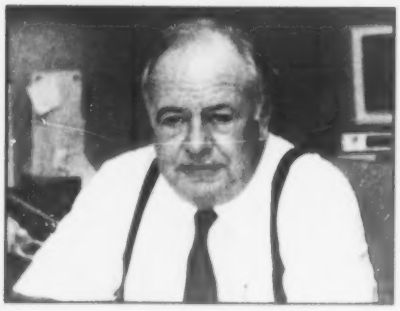
CAR AND LIGHT TRUCK FLEET AND LEASING MANAGEMENT MAGAZINE

BOBIT PUBLISHING

February 1990
VOL. 29,NO. 4

Influencing the management of 4,952,000 cars and 2,070,000 light trucks and vans in business, leasing, rental, utility, government, police and taxi fleets.

## Features



p. 54

**22** **Vehicle Replacement: An Industry Overview**
*Criteria for determining when to dispose of fleet vehicles.*

**30** **Creating Fleet Policy**
*A look at what's involved in developing policies and procedures for fleet vehicles.*

**35** **All-New Aero Styling Highlights 1991 Caprice**
*Developed in less than three years, the 1991 Chevrolet Caprice features a restyled aerodynamic appearance.*

**37** **Top 100**
*The 11th annual listing of the largest U.S. business fleets.*

**53** **Analyzing Depreciation of Fleet Vehicles**
*Ways to limit depreciation, the largest expense associated with fleet vehicles.*

**54** **Chevrolet's Frink Assesses The 1990-Model Year**
*Chevrolet's director of fleet sales offers his perspective on the state of the fleet market in 1990.*

**62** **Rotation Extends Tire Life**
*By rotating on a regular basis, tires last longer and wear more evenly.*

**66** **Electing To Lease Solves Problems**
*Oryx Energy brought order to its 1,010-vehicle fleet by switching from ownership to leasing.*

p. 80

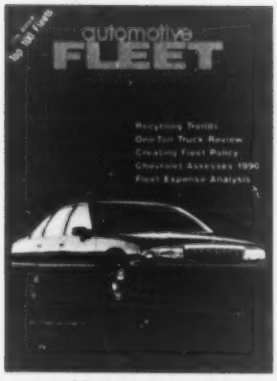
## Truck/Van Section

**68** **Stretching Truck Dollars**
*How to determine the average life costing of trucks.*

**70** **Reducing Fleet Insurance And Accident Costs**
*Xerox Corp. will be saving millions of dollars in fleet insurance by replacing passenger cars with light trucks and vans.*

**76** **Mud Flap Specifications**
*Guidelines for proper mounting of mud flaps and splash/spray devices.*

**80** **How Do 1990 One-Ton Pickups Stack Up?**
*What's new for 1990-model year full-size pickups.*




On the cover: Marketed as a 1991-model, the restyled Chevrolet Caprice is longer and wider than its predecessor and will be available in April 1990. For a complete preview, our story begins on page 35.

## Departments

| | | | |
|---|---|---|---|
| Letters | 8 | Used-Car Prices | 96 |
| Industry News | 12 | New Products | 99 |
| Hotline | 21 | Classified | 100 |
| Light Truck/Van News | 88 | Gas Prices | 101 |
| Personnel Personals | 91 | Calendar | 101 |
| Retail Leasing | 93 | Ad Index | 101 |
| Fleet Leasing | 95 | Editorial | 102 |

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*The economics of fleet vehicle replacement revolves around determining the best time to sell used cars. There are four criteria for determining when to dispose fleet units: mileage, age, residual value, and vehicle condition.*

# Vehicle Replacement: An Industry Overview

The proper replacement of fleet vehicles is a complex problem because of the numerous factors that must be considered and analyzed. However, the combination of time and mileage remains the most common vehicle replacement criteria among business-car fleets (Table 1).

Resale is another consideration in determining vehicle replacement. Very few fleets turn their vehicles over as one-year-old models unless mileage is unusually high, say 35,000 to 40,000 miles. One-year-old models depreciate between 20 and 35 percent, two-year-old models between 40 to 60 percent, and three-years-old units average between 65 and 75 percent.

"The first year a car is in service it needs to depreciate a certain amount to get your money back," says Janice Williamson, fleet operations manager for Shaklee Corp. in Hayward, CA.

According to Jim Culotta, president of McCullagh Leasing, the maximum resale value is gained when units are replaced before the 50,000-mile "psychological limit" is reached. Presently, the average annual mileage for a commercial fleet automobile is 22,000 miles. This means that the optimum replacement cycle is about 30 months.

While resale is important in ana-

**Vehicle Replacement Criteria Used by Firms with Company-Provided Business Cars**

| | Percent of Respondents | | | |
|---|---|---|---|---|
| Replacement Criteria | 1983 | 1985 | 1987 | 1989 |
| Time and Mileage | 62% | 61% | 56% | 66% |
| Mileage Only | 14% | 12% | 21% | 13% |
| Time Only | 9% | 9% | 13% | 6% |
| Condition | N/A | N/A | N/A | 8% |
| No Replacement Policy | 15% | 18% | 10% | 7% |

**Table 1.**

**Source: Runzheimer International*

**Percent of Fleet Replaced Per Year**

| | 1989 |
|---|---|
| **Average:** | **32.4%** |
| **Median:** | **30.0%** |
| **Percent of Fleet Replaced Each Year** | **Percent of 1989 Respondents** |
| Less than 25% | 21% |
| 25% | 15% |
| 26% to 32% | 18% |
| 33% | 14% |
| 34% to 49% | 15% |
| 50% | 12% |
| More than 50% | 5% |

**Table 2.**

**Source: Runzheimer International*

**Percent of Fleet Replaced Per Year By Type of Management**

| | Company-Owned | Company-Leased |
|---|---|---|
| **Average:** | **30.7%** | **33.5%** |
| **Median:** | **30.0%** | **33.0%** |

| Percent of Fleet Replaced Per Year | Percent of 1989 Respondents Company-Owned | Company-Leased |
|---|---|---|
| Less than 25% | 23% | 16% |
| 25% | 16% | 13% |
| 26% to 32% | 19% | 17% |
| 33% | 13% | 18% |
| 34% to 49% | 12% | 18% |
| 50% | 11% | 13% |
| More than 50% | 6% | 5% |

**Table 3.**

** Source: Runzheimer International*

**Replacement Limits Specified by Firms Using Mileage Criterion**

| | 1985 | 1987 | 1989 |
|---|---|---|---|
| **Average:** | 65,308 | 71,043 | 68,816 |

| | Percent of Repondents 1983 | 1985 | 1987 | 1989 |
|---|---|---|---|---|
| Less than 45,000 | 1% | 2% | 2% | 3% |
| 45,000-50,000 | 15% | 18% | 15% | 10% |
| 50,001-55,000 | 12% | 13% | 6% | 13% |
| 55,001-60,000 | 36% | 31% | 23% | 20% |
| 60,001-65,000 | 6% | 5% | 1% | 15% |
| 65,001-70,000 | 7% | 13% | 9% | 5% |
| 70,001-75,000 | 3% | 6% | 9% | 9% |
| 75,001-80,000 | 6% | 1% | 11% | 4% |
| 80,001-85,000 | 0% | 1% | 2% | 4% |
| 85,001-90,000 | 2% | 1% | 5% | 3% |
| 90,001-95,000 | 0% | 0% | 2% | 1% |
| 95,001-100,000 | 12% | 9% | 15% | 13% |

**Table 4.**

**Source: Runzheimer International*

lyzing fleet replacement, it must be considered in conjunction with other factors. In fact, the best replacement policy may not always yield the highest resale value. All costs associated with vehicle replacement must be examined individually and together. Resale value cannot be singled out as the sole basis of a replacement policy.

**Industry Trends**

One factor causing vehicle replacement policies to vary by fleet is economic conditions. For instance, replacement cycles tend to lengthen when the used-car market softens. Fleets retain older vehicles longer when residual values are dramatically lower than those projected at the time of vehicle selection. Under these circumstances, time becomes less important as a replacement criterion and some fleets focus instead on mileage limits.

However, a recent survey by the National Association of Fleet Administrators indicates that the current trend among fleets is to keep vehicles for shorter periods of time than stated in their written replacement policies. Nevertheless, another aspect of this trend is that vehicles, on the average, are being disposed at higher mileage levels.

According to surveyed NAFA members, the average service life of fleet vehicles in 1988 was 32 months/64,540 miles. But written replacement policies averaged 36 months/60,000 miles between 1986 and 1988. This is not true for light-duty trucks and minivans.

For instance, light-duty trucks have an average service term that ranges from 60.2 months/77,124 miles to 36 months/75,000 miles. This is in conformance with the written replacement cycles for light-duty trucks which average 60 months and range from 60,000 to 75,370 miles.

Similarly, the average term in service for minivans is in line with their written replacement poli-

cies which average between 36 months/60,000 miles to 49 months/66,992 miles.

The average fleet replaces about a third of its business cars per year (Table 2), as reported in a recent survey by Runzheimer International.

*One factor causing vehicle replacement policies to vary by fleet is economic conditions. For instance, replacement cycles tend to lengthen when the used-car market softens.*

The survey revealed that leased fleets tend to replace a larger percentage of their fleets per year than company-owned fleets (Table 3). This is because lease terms typically establish the time frame that a leased car will remain in a fleet. In contrast, company-owned fleets tend to look at other factors such as resale value and condition before replacing a fleet car.

According to the Runzheimer survey, 13 percent of the respondents stated that their sole replacement criterion was vehicle mileage. This is particularly true of fleets that have 1,000 or more units.

By basing the replacement decision on a specific mileage level, fleet managers can minimize resale loss associated with high mileage. Another advantage is that the cost of acquisition is amortized over the maximum number of miles, before those miles become a liability. The negative aspect of a high-mileage replacement point is the penalty of replacement costs. The longer a car is kept in service, the more it will cost to keep it operable. And with continuing fuel economy improvements in new cars, putting miles on a relatively inefficient car adds another cost penalty. Maintenance costs are low during the first 40,000 miles, but by 65,000 to 70,000 miles, they have doubled. Tire and repair expenses are directly related to miles driven and accelerate beyond the 60,000-mile mark. Oil expenses remain fairly stable until the 70,000-mile mark is reached when, historically, oil usage and cost increase significantly. Replacing the vehicle early avoids these expenses.

Although the largest percentage of respondents to the Runzheimer survey (20 percent) use the 55,001 to 60,000 mileage range as a replacement criterion, the average is just under 70,000 miles (Table 4). Two-thirds of the Runzheimer survey respondents that use time-in-service to replace their business cars do so after 36 months in fleet operation (Table 5).

The survey data on replacement cycles underscores the problems facing fleet managers in vehicle disposal. The used-car market in recent years has been overstocked

**Replacement Limits on Business Cars Specified by Firms Using the Time Criterion**

| Average: | | 1985<br>30 | 1987<br>39 | 1989<br>38 |
|---|---|---|---|---|
| | | Percent of Respondents | | |
| Number of Months | 1983 | 1985 | 1987 | 1989 |
| 12 | 7.4% | 11.1% | 5.9% | 1.9% |
| 13 | 0.0% | 1.9% | 0.0% | 0.0% |
| 18 | 0.0% | 0.0% | 3.4% | 2.2% |
| 24 | 39.6% | 33.3% | 23.6% | 15.9% |
| 26 | 5.9% | 3.7% | 1.1% | 0.0% |
| 27 | 1.5% | 7.4% | 0.0% | 0.0% |
| 28 | 1.5% | 0.0% | 0.0% | 0.0% |
| 30 | 4.4% | 3.7% | 2.2% | 12.4% |
| 36 | 30.8% | 29.6% | 34.8% | 37.6% |
| 42 | 1.5% | 1.9% | 0.0% | 5.8% |
| 48 | 4.4% | 3.7% | 13.5% | 12.6% |
| 50 | 0.0% | 0.0% | 1.1% | 0.0% |
| 54 | 0.0% | 0.0% | 0.0% | 1.1% |
| 60 | 1.5% | 0.0% | 7.9% | 8.0% |
| 72 | 0.0% | 3.7% | 2.2% | 1.1% |
| 78 | 0.0% | 0.0% | 0.0% | 0.3% |
| 84 | 1.5% | 0.0% | 0.0% | 0.0% |
| 90 | 0.0% | 0.0% | 0.0% | 0.3% |
| 96 | 0.0% | 0.0% | 2.2% | 0.8% |
| 108 | 0.0% | 0.0% | 1.1% | 0.0% |
| 158 | 0.0% | 0.0% | 1.0% | 0.0% |

**Table 5.**

**Source: Runzheimer International*

**Vehicle Replacement Criteria By Fleet Size**

| | Percent of 1989 Respondents | | | |
|---|---|---|---|---|
| Number of Cars | Time Only | Mileage Only | Time and Mileage | Condition |
| 25 or Less | 8% | 14% | 56% | 22% |
| 26-100 | 5% | 12% | 69% | 14% |
| 101-300 | 4% | 12% | 76% | 8% |
| 301-500 | 2% | 13% | 79% | 6% |
| 501-1,000 | 4% | 4% | 83% | 9% |
| 1,001 or More | 2% | 16% | 75% | 7% |

Table 6.

*Source: Runzheimer International

with relatively low-mileage vehicles as opposed to higher mileage commercial fleet cars. To adjust to these market conditions, some fleets are extending lifecycles — particularly company-owned fleets that are not tied to lease agreements.

Although most fleets replace vehicles based on combinations of time in service (just over three years, on average) and miles driven (just over 65,000 miles on average), some fleets consider other replacement factors. Certain fleets are changing their approach to consider vehicle condition. Vehicle condition as a replacement criteria is used most often by small fleets (Table 6). If a vehicle's appearance and mechanical condition justify keeping it in fleet use a while longer, these fleets reason: why dispose of it? On the other hand, other fleets have recognized that in today's used-car market, it's the low-mileage vehicle that returns the highest dollar on investment AF

## Replacement Criteria For A Utility Fleet

Used-vehicle dealers state that the best resale value results when mileage is kept under 30,000 for a one-year-old vehicle, 50,000 for a two-year-old vehicle, and 60,000 for a three-year-old unit, says Ralph Hardwick, vice president of Southern Natural Gas Co., a subsidiary of Sonat Services located in Birmingham, AL. However, it is Hardwick's contention that maintenance costs for a fleet determines at what mileage a vehicle should be replaced.

An analysis of operating costs, says Hardwick, indicates that repair costs begin to escalate substantially after 60,000 miles, due to the need to replace major components

"Rotation criteria are becoming more strongly influenced by maintenance costs as manufacturers' warranty programs have been extended," says Hardwick. "Ford, General Motors, and Chrysler offer 60,000- to 70,000-mile warranties on powertrains, which are the primary cost items in any fleet operation. An early rotation schedule urged by used-vehicle brokers and auctioneers appears to be self-serving, especially during periods of increasing interest rates and extended warranties." Hardwick concludes that the single most important aspect of resale value is vehicle condition.

*Ralph Hardwick, assistant vice president, office services (left) and Royce Kelly fleet adminstrator, discuss the Southern Natural Gas Co. fleet.*

# Chrysler Fleet Operations

## Presents the Eleventh Annual

## automotive FLEET

## TOP 100

Frito Lay, Inc. Tupperware Digital Equipment Honeywell Pepsi Cola Minnesota Mining and Manufacturing Standard Oil Co. (Inc.) Church of Jesus Christ of Latter Day Saints Ashland Oil Co. State Farm Insurance Westinghouse Borg Warner Corp. Shaklee Corp. Tenneco, Inc. ARA Services Dow Chemical USA Union Carbide Corp./United Technologies Exxon Dresser Industries Goodyear Nabisco Shell Motorola Rollins Inc. IC Industries W.R. Grace & Co. Eastman Kodak Federal Express Corp. Burlington Northern Control Data Corp./Commercial Credit U.S. Steel General Electric Johnson Controls, Inc. Teledyne, Inc. Phillips Petroleum Co. Purolator Services, Inc. Aetna Life & Casualty Proctor & Gamble Co. Revlon Inc. Canteen Corp. Gulf Oil Corp. N.L. Industries, Inc. PPG Industries Transamerica Corp. Travelers Insurance Brown & Root, Inc. Cigna Corp. Diebold Inc. Marathon Oil Montgomery Ward Continental Insurance Gulf & Western Champion International Hartford Insurance FMC Corporation Pfizer Inc. Union Pacific Upjohn Company Bank of America Niagara Mohawk Wausau Insurance Business Forms McDonalds Abbott Digital Equipment Honeywell Pepsi Cola Manufacturing Co. State Farm Insurance Westinghouse Shaklee Corp. Technologies Exxon Dresser Industries Shell Motorola Corp. Burlington Northern Control Data Corp. Urolator Services Inc. Aetna Life & Casualty Revlon Inc. Corp. Travelers Insurance Brown & Root, Inc. Diebold Inc. Business Mills Crawford & Co. Philip Products, Inc. Hoffman LaRoche Railroad Corp. Hewlett Electric Kraft, Inc. Liberty Mutual Insurance Group General Foods Household Fireman's Fund Bell & Howell St. Regis A.B. Dick Co. Lorillard Sears Xerox Frito Lay Minnesota Mining and Manufacturing Standard Oil Co. (Inc.) Christ of Latter Day Saints Borg Warner Corp. Shaklee Corp. Tenneco, Inc. ARA Services USA Union Carbide Corp./United Technologies Exxon Goodyear Nabisco Shell Motorola Rollins Inc. IC Industries W.R. Grace & Co. Eastman Kodak Federal Express Corp. Burlington Northern Control Data Corp./Commercial Credit U.S. Steel General Electric Johnson Controls, Inc. Canteen Corp. Gulf Oil Corp. Proctor & Gamble Co. Revlon Inc. Cigna Corp. Diebold Inc. Marathon Oil Montgomery Ward U.S.A. GAB Business Services Seaboard System RR Chessie System Railroad Cities Service Foundation FMC Mutual Greyhound Corp Hewlett Packard Getty Refining SMC Corp. Household Finance Ingersoll Rand Niagara Howell Co. Eaton Corp St. Regis Paper Co. Moore Business Sears, Roebuck & Co Xerox Frito Lay, Inc. Tupperware (Inc.) Church of Jesus Christ of Latter Day Saints Ashland Services Dow Chemical USA Union Carbide Corp./United Industries W.R. Grace & Co. Eastman Kodak Federal Express Johnson Controls, Inc. Teledyne, Inc. Phillips Petroleum Corp. Gulf Oil Corp. N.L. Industries, Inc. PPG Industries Montgomery Ward Corp. Transamerica Corp. Travelers Insurance System RR Champion International Hartford Insurance Foundation FMC Corporation Pfizer Inc. Union Pacific Getty Refining Upjohn Company Bank of America Ingersoll Rand Niagara Mohawk Wausau Insurance Co. Paper Co. Moore Business Forms McDonalds Abbott Labs Sherwin Williams Co. Keebler Co. A.B. Dick Co. Lorillard Sears, Roebuck & Co. Xerox Frito Lay, Inc. Tupperware Frito Lay, Inc. Tupperware Digital Equipment Honeywell Pepsi Cola Minnesota Mining & Manufacturing Standard Oil Co. (Inc.) Church of Jesus Christ of Latter Day Saints Ashland Oil Co. State Farm Insurance Westinghouse Borg Warner Corp. Shaklee Corp. Tenneco, Inc. ARA Services Dow Chemicna USA Union Carbide Corp./United Technologies Exxon Dresser Industries Goodyear Nabisco Shell Motorola Rollins Inc. IC Industries W.R. Grace & Co. Eastman Kodak Federal Express Corp. Burlington Northern Control Data Corp./Commercial Credit U.S. Steel General Electric Johnson Controls, Inc. Teledyne, Inc

# The 11th Annual Top 100

In order to qualify for the Top 100, a fleet must be part of a business/corporate entity that has centralized automotive control. Companies operating driver reimbursement programs for employee owned vehicles are not listed. A prominent example is IBM.

Fleet size is verified by the *Automotive Fleet* Research Department either by phone or mail inquiry. Counted as part of a fleet's total vehicles are company-controlled cars and light trucks and vans under 14,000 GVW. Not counted are lift trucks, trailers, or trucks larger than class 3. Approximately 250 large-fleet companies are selected from AF's circulation list to be recipients of the Top 100 survey questionnaire. In addition to fleet size, the survey's are used to determine whether a fleet is company-owned or fully-or partially-leased.

**REPRINTS OF TOP 100**

Reprints of this special 20-page section are available through AF's Reader Service Manager, 2512 Artesia Blvd., Redondo Beach, CA 90278, or by phoning (213) 376-8788.

| | |
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| Over 100 | $ .75 copy |

**Note:** The TOP 100 list is copyrighted and may not be reproduced

## AUTOMOTIVE FLEET's TOP 100

### Alphabetical Cross Reference

| Company Name | Rank |
|---|---|
| Abbott Laboratories | 96 |
| ADT Security Systems | 49 |
| Aetna Life & Casualty Co. | 36 |
| American Bldg. Maintenance | 85 |
| American Home Products | 42 |
| Amoco Corp. | 44 |
| ARA Services | 10 |
| Ashland Oil, Inc. | 15 |
| Borden Inc. | 24 |
| Bristol-Myers USPNG | 94 |
| Burlington Northern RR | 56 |
| Campbell Taggart, Inc. | 25 |
| Canteen Company | 41 |
| Chesapeake & Potomac | 12 |
| Church of LatterDay Saints | 9 |
| CIGNA Corp. | 93 |
| Conrail | 47 |
| Consolidated Freightways | 97 |
| Continental Baking Co. | 8 |
| Continental Insurance | 97 |
| Cox Enterprises | 58 |
| Crawford & Co. | 55 |
| CSX Transportation | 50 |
| Diebold Inc. | 79 |
| Digital Equipment Corp. | 6 |
| Dow Chemical Co. USA | 34 |
| E.I.DuPont de Nemours & Co. | 31 |
| Eastman Kodak Co. | 11 |
| ECOLAB, INC. | 73 |
| Emery Purolator | 19 |
| Exxon Company USA | 26 |
| Farmers Insurance Group | 70 |
| Federal Express Corp. | 1 |
| Frito-Lay Inc | 5 |
| General Electric Consumer Service | 52 |
| General Electric Industrial Power | 57 |
| General Elect. Med. Systems | 62 |
| General Foods | 86 |
| Goodyear Tire & Rubber Co. | 28 |
| Greyhound Corp. | 70 |
| Hartford Insurance | 90 |
| Hewlett Packard-Western | 98 |
| Hoechst Celanese Corp. | 95 |
| Hoffman LaRoche | 60 |
| Honeywell, Inc. | 16 |
| ICI Americas Inc. | 69 |
| Interstate Brands Corp. | 23 |
| Johnson Controls, Inc. | 65 |
| Keebler Co. | 80 |
| Kraft, Inc. Retail Food Group | 61 |
| Marathon Oil Co. | 67 |
| Mary Kay Cosmetics | 27 |
| McDonald's Corp. | 77 |
| Merck & Co., Inc. | 54 |
| Minnesota Mining & Manufacturing | 14 |
| Motorola Inc. | 18 |
| Nabisco Brands, USA | 63 |
| Nationwide Insurance | 100 |
| Norfolk Southern | 51 |
| North American Phillips Corp. | 66 |
| Ogden Allied Service Corp. | 71 |
| Pfizer Inc. | 53 |
| Philip Morris USA | 38 |
| Phillips Petroleum Co. | 48 |
| Pillsbury Co. | 83 |
| PPG Industries | 92 |
| Procter & Gamble Co. | 43 |
| Quality Bakers America | 2 |
| R.J. Reynolds Tobacco Co. | 37 |
| Revlon, Inc. | 59 |
| Rollins Inc. | 45 |
| Safety Kleen Corp. | 74 |
| Sears Roebuck and Co. | 3 |
| Service America Corporation | 33 |
| Service Corporation Int'l | 89 |
| Shell Oil Company | 21 |
| Sherwin Williams Co. | 78 |
| Siemens Corp. | 17 |
| Smith Kline Corp. | 29 |
| State Farm Insurance Co. | 7 |
| Suburban Propane | 35 |
| Teledyne, Inc. | 75 |
| Tenneco Inc. | 32 |
| Terminex, Inc. | 82 |
| Texaco Inc. (Central) | 64 |
| Texaco, Inc. Eastern | 22 |
| Textron, Inc. | 91 |
| Transamerica Corp. | 88 |
| Travelers Companies | 46 |
| Tupperware | 13 |
| Union Carbide Corp | 39 |
| Union Pacific Systems | 30 |
| Upjohn Company | 87 |
| USX Corporation | 40 |
| Van Pool Services Inc. | 84 |
| W.R. Grace & Co. | 76 |
| Warner Lambert Professional Prods. | 72 |
| Westinghouse Electric Corp. | 20 |
| Whitman Corporation | 81 |
| Xerox Corporation | 4 |

# Top 100

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 1 | 1 | Federal Express Corp. Memphis , TN | Jim Gwinner | x | Fleetmark, ARI | 85 | 23363 | 23448 |
| 2 | 2 | Quality Bakers America Greenwich , CT | David Armstrong | x | — | 2900 | 17000 | 19900 |
| 3 | 4 | Sears Roebuck and Company Chicago , IL | William Jones | — | — | 85 | 15490 | 15575 |
| 4 | 3 | Xerox Corporation Rochester , NY | Ron Pink | — | LMV | 9000 | 6000 | 15000 |
| 5 | 5 | Frito-Lay Inc. Dallas , TX | Tom Smith Charles Loveless | x | — | 700 | 11000 | 11700 |
| 6 | 6 | Digital Equipment Corp. Maynard , MA | Richard A. Catino Ellen Finnerty Dave Rand | X | PHH, GEC Fleet | 10251 | 1061 | 11312 |
| 7 | 7 | State Farm Insurance Co. Bloomington , IL | Thomas D. Sours | x | — | 10592 | 275 | 10867 |
| 8 | 8 | Continental Baking Co St. Louis , MO | Paul J. Walsh | x | — | 406 | 8762 | 9168 |
| 9 | 9 | Church of Latter Day Saints Salt Lake City , UT | Scott Thredgold Harry Jeffs Bob Clark | x | — | 8130 | 650 | 8780 |
| 10 | 11 | ARA Services Philadelphia , PA | Ralph Jamic Kamaran Partow | x | GEC Fleet | 2777 | 5904 | 8681 |
| 11 | 10 | Eastman Kodak Co. Rochester , NY | Marc Carney | x | PHH | 7500 | 1100 | 8600 |
| 12 | — | Chesapeake & Potomac Silver Spring , MD | James Boles | x | — | 2222 | 6142 | 8364 |
| 13 | 12 | Tupperware Orlando , FL | John Bandy Jim Metcalf | x | GEC Fleet, Wheels | 8000 | 0 | 8000 |
| 14 | 16 | Minnesota Mining & Manufacturing St. Paul , MN | Tim Hoffmann | x | — | 5997 | 1492 | 7489 |
| 15 | 14 | Ashland Oil, Inc. Ashland , KY | William D. Bloss | x | PHH, GEC Fleet | 3750 | 3400 | 7150 |

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 16 | 13 | Honeywell, Inc.<br>Minneapolis , MN | C. Wayne Jacobson | — | GEC Fleet, PHH | 4000 | 3000 | 7000 |
| 17 | — | Siemens Corp.<br>Iselin , NJ | John Connelly | x | — | 4000 | 3000 | 7000 |
| 18 | 16 | Motorola Inc.<br>Schaumburg , IL | Baxter Judy | x | — | 5353 | 1508 | 6861 |
| 19 | 17 | Emery Purolator<br>Wilton , CT | J.B. Townley | — | Lend Lease | 600 | 6000 | 6600 |
| 20 | 15 | Westinghouse Electric Corp.<br>Pittsburgh , PA | Lou Dobak | x | PHH, GEC Fleet, LMV | 3400 | 3150 | 6550 |
| 21 | 19 | Shell Oil Company<br>Houston , TX | Lydia Foght | x | ARI | 1963 | 4396 | 6359 |
| 22 | — | Texaco, Inc. Eastern<br>White Plains , NY | Alexander Hamilton | x | PHH | 2190 | 3680 | 5870 |
| 23 | 20 | Interstate Brands Corp.<br>Kansas City , MO | David Wiseman<br>Gary Pasche | x | — | 90 | 5229 | 5319 |
| 24 | 21 | Borden Inc.<br>Columbus , OH | Ron Cosey | x | — | 1800 | 3500 | 5300 |
| 25 | 22 | Campbell Taggart, Inc.<br>Dallas , TX | Ray Gryzywinski | x | — | 750 | 4500 | 5250 |
| 26 | 24 | Exxon Company USA<br>Houston , TX | John Dewees | x | — | 2000 | 3200 | 5200 |
| 27 | — | Mary Kay Cosmetics<br>Dallas , TX | Mark Britton | — | ARI | 5103 | 0 | 5109 |
| 28 | 23 | Goodyear Tire & Rubber Co.<br>Akron , OH | George Platis | x | PHH | — | 5059 | 5059 |
| 29 | 42 | Smith Kline Corp.<br>Philadelphia , PA | Sandi Nicotera | — | Wheels | 4600 | 400 | 5000 |
| 30 | 25 | Union Pacific Systems<br>Omaha , NE | Jerry Covey | x | GEC Fleet | 925 | 4074 | 4999 |
| 31 | 28 | Du Pont<br>E.I. DuPont de Nemours & Co.<br>Wilmington , DE | Richard Prettyman | x | PHH | 3108 | 1887 | 4995 |
| 32 | 26 | Tenneco Inc.<br>Houston , TX | J.R. Gudelman | — | GEC Fleet | 1900 | 3000 | 4900 |
| 33 | 29 | Service America Corporation<br>Stamford , CT | Wilbur O. Wachter | — | Wheels, PHH | 1032 | 3439 | 4471 |
| 34 | 30 | Dow Chemical Co. USA<br>Midland, MI | Tom Madden | — | McCullagh, Wheels | 2000 | 2268 | 4268 |

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 35 | — | Suburban Propane<br>Whippany , NJ | Scott Braun | x | — | 500 | 3700 | 4200 |
| 36 | 36 | Aetna Life & Casualty Co.<br>Hartford , CT | Martin F. Crean | — | PHH | 3907 | 198 | 4105 |
| 37 | — | R.J. Reynolds Tobacco Co.<br>Winston-Salem , NC | Vicki Brady | — | PHH | 1938 | 2114 | 4052 |
| 38 | 33 | Philip Morris USA<br>New York , NY | Gregory J. Tarring | — | PHH, GEC Fleet | 1000 | 3000 | 4000 |
| 39 | 32 | Union Carbide Corp.<br>Dansbury , CT | Fred Glawtzberg | — | Wheels | 3400 | 600 | 4000 |
| 40 | 34 | USX Corporation<br>Pittsburgh , PA | Craig James | — | ARI, LMV, USFL | 1860 | 2046 | 3906 |
| 41 | 35 | Canteen Company<br>Chicago , IL | Mark Klein | x | — | 944 | 2860 | 3804 |
| 42 | — | American Home Products<br>New York , NY | Elizabeth Witkowski | x | — | 3700 | 100 | 3800 |
| 43 | 38 | Procter & Gamble Co.<br>Cincinnati , OH | Clarence O'Dell | x | — | 3700 | 0 | 3700 |
| 44 | 31 | Amoco Corp.<br>Chicago , IL | Richard Lynch | x | — | 700 | 3000 | 3700 |
| 45 | 39 | Rollins Inc.<br>Atlanta , GA | David Leedy<br>John Willis | — | B&M, World Omni | 595 | 3103 | 3698 |
| 46 | 41 | Travelers Companies<br>Hartford , CT | Patrick O'Sweeney | — | PHH | 3562 | 121 | 3683 |
| 47 | — | Conrail<br>Philadelphia , PA | Paul Rossi | x | — | 550 | 3100 | 3650 |
| 48 | 45 | Phillips Petroleum Co.<br>Bartlesville , OK | James R. Grillot<br>Gary R. Herrington | x | — | 698 | 2857 | 3555 |
| 49 | 43 | ADT Security Systems<br>Parispanny , NJ | John Africano | x | GEC Fleet | 953 | 2547 | 3500 |
| 50 | 27 | CSX Transportation<br>Jacksonville , FL | Jim Fronkoski | x | ARI, Bank AmeriLease | 295 | 3069 | 3364 |
| 51 | 44 | Norfolk Southern<br>Roanoke , VA | W.L. Goodman | x | — | 800 | 2500 | 3300 |
| 52 | — | General Electric Consumer Service<br>Louisville , KY | Philip Schilling | x | GEC Fleet | 0 | 3300 | 3300 |
| 53 | 47 | Pfizer Inc.<br>New York , NY | Gordon B. West | — | Wheels, PHH | 2748 | 475 | 3223 |
| 54 | 46 | Merck & Co., Inc.<br>Rahway , NJ | Alma Cristauro | — | PHH | 3045 | 163 | 3208 |

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 55 | 55 | Crawford & Co.<br>Atlanta , GA | Wanda S. Ellison | — | B & M Equipment | 3050 | 148 | 3198 |
| 56 | 48 | Burlington Northern RR<br>St. Paul , MN | John Long | x | — | 650 | 2500 | 3150 |
| 57 | — | General Electric Ind. Pow.<br>Norcross, GA | Carmen Noakes | x | GEC Fleet | 2835 | 315 | 3150 |
| 58 | 49 | Cox Enterprises<br>Atlanta , GA | Patsy Brownson | — | ARI, Wheels | 530 | 2550 | 3080 |
| 59 | 54 | Revlon, Inc.<br>Edison , NJ | Kathy Poppe | — | GEC Fleet | 2990 | 55 | 3045 |
| 60 | 50 | Hoffman LaRoche<br>Nutley , NJ | John Smith | x | PHH, Wheels | 2700 | 300 | 3000 |
| 61 | 57 | Kraft, Inc.<br>Retail Food Group<br>Glenview , IL | W.R. Roberts | — | GEC Fleet | 3000 | 0 | 3000 |
| 62 | — | General Elect.<br>Med. Systems<br>Waukesha , WI | Ed Tohl | — | GEC Fleet | 3000 | 0 | 3000 |
| 63 | 52 | Nabisco Brands, USA<br>East Hanover , NJ | James F. O'Neill | — | PHH | 3000 | 0 | 3000 |
| 64 | — | Texaco Inc. (Central)<br>Houston , TX | Bernard Brye | — | PHH | 813 | 2100 | 2913 |
| 65 | 56 | Johnson Controls, Inc.<br>Milwaukee , WI | Bob Borchert | — | GEC Fleet, Southgate | 661 | 2240 | 2901 |
| 66 | — | North American Phillips Corp.<br>New York , NY | Barbara Vlaovic<br>— | x | ARI | 2500 | 400 | 2900 |
| 67 | 57 | Marathon Oil Co.<br>Houston , TX | Lois A. Smith | — | PHH, Wheels | 750 | 2150 | 2900 |
| 68 | 58 | Greyhound Corp.<br>Phoenix , AZ | Steven Ziegler | — | PHH | 1875 | 1005 | 2880 |
| 69 | — | ICI Americas Inc.<br>Wilmington , DE | Mary Chamblin | x | ARI | 2415 | 463 | 2878 |
| 70 | 59 | Farmers Insurance Grp.<br>Los Angeles , CA | Gene Grembowski | x | — | 2762 | 73 | 2835 |
| 71 | 115 | Ogden Allied Service Corp.<br>New York , NY | R. Brandeberry | x | — | 1500 | 1300 | 2800 |
| 72 | — | Warner Lambert Professional Prods.<br>Morris Plains , NJ | Ed Olesky | x | — | 2400 | 350 | 2750 |
| 73 | 60 | ECOLAB, INC.<br>St. Paul , MN | Jerry Rodewald | x | GEC Fleet | 1700 | 1000 | 2700 |

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 74 | — | Safety Kleen Corp.<br>Elgin , IL | Richard Knippschild | x | — | 400 | 2300 | 2700 |
| 75 | 53 | Teledyne, Inc.<br>Los Angeles , CA | Jim Stockwell | x | — | 2000 | 700 | 2700 |
| 76 | 61 | W.R. Grace & Co.<br>New York , NY | J.W. Enterline | — | PHH, USFL | 1405 | 1290 | 2695 |
| 77 | 62 | McDonald's Corp.<br>Oakbrook , IL | Susan Miller | x | PHH,<br>Enterprise | 2589 | 25 | 2614 |
| 78 | 63 | Sherwin Williams Co.<br>Cleveland , OH | David Hall<br>Dan Solar | — | McCullagh,<br>GEC Fleet | 1440 | 1163 | 2603 |
| 79 | 64 | Diebold Inc.<br>Canton , OH | Linda Taylor | — | PHH | 800 | 1800 | 2600 |
| 80 | 71 | Keebler Co.<br>Elmhurst , IL | William Stanley<br>Deborah Mellone | — | GEC Fleet,<br>Wheels, Emkay | 2050 | 550 | 2600 |
| 81 | 40 | Whitman Corp.<br>Chicago , IL | E.P. Walsh | — | GEC Fleet | 1900 | 700 | 2600 |
| 82 | — | Terminex, Inc.<br>Memphis , TN | Lomax Springfield | — | Wheels | 769 | 1793 | 2562 |
| 83 | — | Pillsbury Co.<br>Minneapolis , MN | Sam Simmons | x | — | 2053 | 505 | 2558 |
| 84 | 65 | Van Pool Services Inc.<br>Detroit , MI | Kenneth Sieloff | x | — | 2519 | 0 | 2519 |
| 85 | — | American Bldg.<br>Maintenance<br>San Francisco , CA | Elsie Walsch | x | — | 1500 | 1000 | 2500 |
| 86 | 66 | General Foods<br>White Plains , NY | Barbara Amrod | x | Wheels | 2400 | 100 | 2500 |
| 87 | 67 | Upjohn Company<br>Kalamazoo , MI | Stephen Levine<br>Juanita Perry<br>Lenora Webster | — | Wheels | 2195 | 290 | 2485 |
| 88 | 68 | Transamerica Corp.<br>Schaumburg , IL | Anthony F. Wooten | x | — | 2400 | 75 | 2475 |
| 89 | 69 | Service Corp. Int'l<br>Houston , TX | Gary Sanders | x | — | 896 | 1574 | 2470 |
| 90 | 70 | Hartford Insurance<br>Hartford , CT | Diane Brittell | — | PHH | 2324 | 85 | 2409 |
| 91 | — | Textron, Inc.<br>Providence , RI | Howard Maurer | x | — | 1800 | 600 | 2400 |
| 92 | 73 | PPG Industries<br>Pittsburgh , PA | Debbie Durick<br>Vic Pellitier | — | GEC Fleet | 1375 | 975 | 2350 |
| 93 | 72 | CIGNA Corp.<br>Philadelphia , PA | Tina Kourakos | — | PHH Fleet<br>America | 2300 | 50 | 2350 |

| '90 Rank | '89 Rank | Company & Headquarters | Fleet Contact(s) | Co. Owned | Lessor(s) | # Cars | #Trucks & Vans | Total |
|---|---|---|---|---|---|---|---|---|
| 94 | 76 | Bristol-Myers USPNG Evansville , IN | Thomas Anslinger | — | PHH & Wheels | 2081 | 248 | 2329 |
| 95 | 91 | Hoechst Celanese Corp. Somerville , NJ | Jim Devine | — | Wheels, PHH, GEC Fleet | 1972 | 346 | 2318 |
| 96 | — | Abbott Laboratories Abbott Park , IL | Rich Derreberry | — | Wheels & PHH | 2180 | 130 | 2310 |
| 97 | 74 | Continental Insurance Cranbury, NJ | Jean Marie Albrecht Victor Kaplij | — | PHH | 2295 | 5 | 2300 |
| 98 | — | Consolidated Freightways Menlo Park , CA | Tom Baylis | x | GEC Fleet | 2230 | 28 | 2258 |
| 99 | 83 | Hewlett Packard-Western North Hollywood , CA | Craig Kundrotas | — | In-house | 2200 | 30 | 2230 |
| 100 | — | Nationwide Insurance Columbus, OH | Gail Royer | — | Wheels | 2180 | 20 | 2200 |
| | | TOTALS | | | | 241,494 | 235,113 | 476,607 |

# AUTOMOTIVE FLEET's TOP 100

## Alphabetical Cross Reference

| Company Name | Rank |
|---|---|
| Abbott Laboratories | 96 |
| ADT Security Systems | 49 |
| Aetna Life & Casualty Co. | 36 |
| American Bldg. Maintenance | 85 |
| American Home Products | 42 |
| Amoco Corp. | 44 |
| ARA Services | 10 |
| Ashland Oil, Inc. | 15 |
| Borden Inc. | 24 |
| Bristol-Myers USPNG | 94 |
| Burlington Northern RR | 56 |
| Campbell Taggart, Inc. | 25 |
| Canteen Company | 41 |
| Chesapeake & Potomac | 12 |
| Church of LatterDay Saints | 9 |
| CIGNA Corp. | 93 |
| Conrail | 47 |
| Consolidated Freightways | 97 |
| Continental Baking Co. | 8 |
| Continental Insurance | 97 |
| Cox Enterprises | 58 |
| Crawford & Co. | 55 |
| CSX Transportation | 50 |
| Diebold Inc. | 79 |
| Digital Equipment Corp. | 6 |
| Dow Chemical Co. USA | 34 |
| E.I.DuPont de Nemours & Co. | 31 |
| Eastman Kodak Co. | 11 |
| ECOLAB, INC. | 73 |
| Emery Purolator | 19 |
| Exxon Company USA | 26 |
| Farmers Insurance Group | 70 |
| Federal Express Corp. | 1 |
| Frito-Lay Inc | 5 |
| General Electric Consumer Service | 52 |
| General Electric Industrial Power | 57 |
| General Elect. Med. Systems | 62 |
| General Foods | 86 |
| Goodyear Tire & Rubber Co. | 28 |
| Greyhound Corp. | 70 |
| Hartford Insurance | 90 |
| Hewlett Packard-Western | 98 |
| Hoechst Celanese Corp. | 95 |
| Hoffman LaRoche | 60 |
| Honeywell, Inc. | 16 |
| ICI Americas Inc. | 69 |
| Interstate Brands Corp. | 23 |
| Johnson Controls, Inc. | 65 |
| Keebler Co. | 80 |
| Kraft, Inc. Retail Food Group | 61 |
| Marathon Oil Co. | 67 |
| Mary Kay Cosmetics | 27 |
| McDonald's Corp. | 77 |
| Merck & Co., Inc. | 54 |
| Minnesota Mining & Manufacturing | 14 |
| Motorola Inc. | 18 |
| Nabisco Brands, USA | 63 |
| Nationwide Insurance | 100 |
| Norfolk Southern | 51 |
| North American Phillips Corp. | 66 |
| Ogden Allied Service Corp. | 71 |
| Pfizer Inc. | 53 |
| Philip Morris USA | 38 |
| Phillips Petroleum Co. | 48 |
| Pillsbury Co. | 83 |
| PPG Industries | 92 |
| Procter & Gamble Co. | 43 |
| Quality Bakers America | 2 |
| R.J. Reynolds Tobacco Co. | 37 |
| Revlon, Inc. | 59 |
| Rollins Inc. | 45 |
| Safety Kleen Corp. | 74 |
| Sears Roebuck and Co. | 3 |
| Service America Corporation | 33 |
| Service Corporation Int'l | 89 |
| Shell Oil Company | 21 |
| Sherwin Williams Co. | 78 |
| Siemens Corp. | 17 |
| Smith Kline Corp. | 29 |
| State Farm Insurance Co. | 7 |
| Suburban Propane | 35 |
| Teledyne, Inc. | 75 |
| Tenneco Inc. | 32 |
| Terminex, Inc. | 82 |
| Texaco Inc. (Central) | 64 |
| Texaco, Inc. Eastern | 22 |
| Textron, Inc. | 91 |
| Transamerica Corp. | 88 |
| Travelers Companies | 46 |
| Tupperware | 13 |
| Union Carbide Corp | 39 |
| Union Pacific Systems | 30 |
| Upjohn Company | 87 |
| USX Corporation | 40 |
| Van Pool Services Inc. | 84 |
| W.R. Grace & Co. | 76 |
| Warner Lambert Professional Prods. | 72 |
| Westinghouse Electric Corp. | 20 |
| Whitman Corporation | 81 |
| Xerox Corporation | 4 |

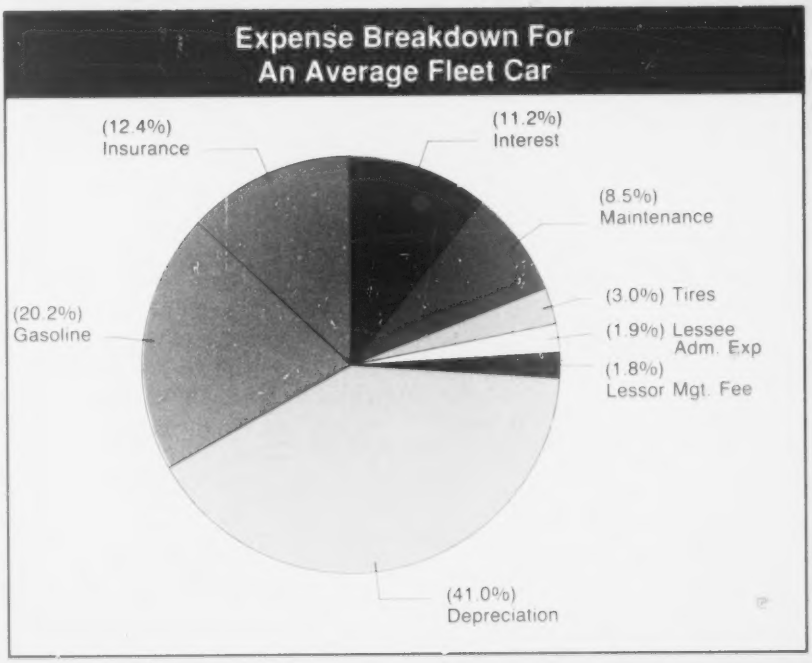
*Depreciation accounts for 41 percent of the total cost of a fleet vehicle. According to Don Kreft, president of Lease Plan USA, one way to limit depreciation expense is to establish an appropriate fleet replacement policy.*

# Analyzing Depreciation of Fleet Vehicles

Operating a fleet vehicle carries with it numerous expenses — gasoline, insurance, and maintenance to name a few. However, if fleet managers are trying to control expenses, they should look at the depreciation of their fleet cars. According to Lease Plan USA, depreciation accounts for 41 percent of the total cost of a fleet vehicle.

Depreciation is the difference between the capitalized cost of a new vehicle and the net proceeds realized when it is sold.

To control this expense, fleet managers should place vehicles into service at the proper time so that ultimately they will realize the highest resale value.




**Ordering**

The first step in limiting depreciation expense is ordering vehicles at the appropriate time. Many companies order their vehicles after Jan. 1 for budgeting reasons. However, by not ordering in July and August, these companies could be losing hundreds of dollars. Lessees who order early in the model-year are able to take advantage of the inflated used-vehicle marketplace in early fall, the most optimum resale period. Lessees who order late in the year (December or January) must wait until the spring market — the second most optimum time in the used-vehicle market.

**Replacement Policy**

Establishing a replacement policy for fleet vehicles will also help to control depreciation expenses. If a company needs assistance in developing a policy, a professional fleet lessor should be able to provide consulting services. Often, a replacement policy can be more economical than negotiating a lease rate. The savings per month per vehicle in a lease rate should be weighed against the hundreds of dollars that are lost for every unit through poor vehicle replacement timing.

While depreciation is the largest fleet expense, the smallest cost incurred is the leasing company's management fee (1.8 percent). Even negotiating this cost down to a minimum would be nominal in relation to depreciation expenses. AF

*Buying a truck can be complicated. Purchase price often hides true cost which includes variables such as downtime, fuel, and service life. To determine overall value, a set of variables called average life costing are used.*

# Stretching Truck Dollars

The purchase of the right new truck can increase efficiency and improve profitability. The wrong new truck can drain a business like a leaky tire. In some industries, 35 to 40 percent of the costs to bring a product to market is transportation. The right truck is an important investment and well worth the time to investigate the proper purchase.

However, the purchase price of a truck and body is only 20 to 22 percent of the total cost of truck ownership.

The cost of fuel, tires, time, and money spent for maintenance and repair, length of service, and other operating expenses determines the real cost of a new truck. In fact, approximately 42 percent of a truck's transportation costs over a five-year period are attributed to driver wages; 21 percent to fuel costs, and 13 percent to maintenance and repairs.

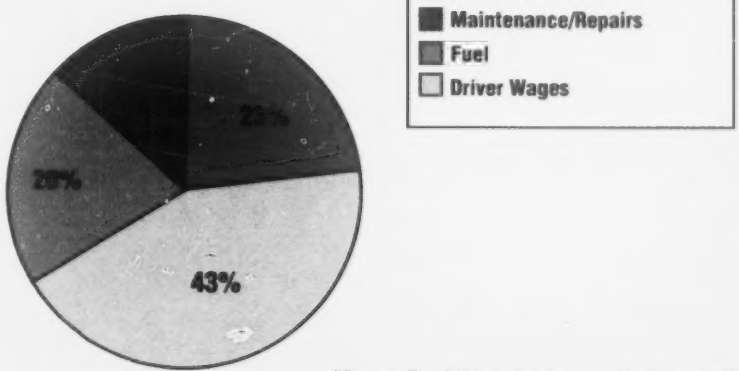
**Average Life Costing**

Fleet management has developed a set of variables to help determine a truck's value — called average life costing.

With average life costing, the overall cost of a vehicle can be determined based upon the following factors:

- The original investment.

**Average Life Costing: Five-Year Costing Of A Commercial Truck**



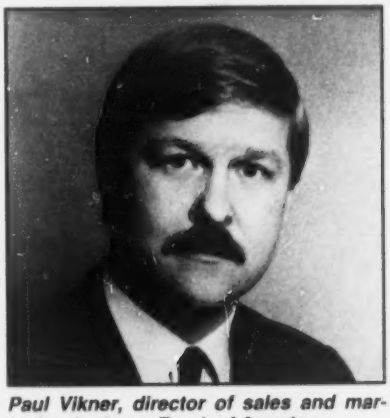

*Source: Truck Marketing Institute, Carpenteria, CA.

*Although a truck's purchase price represents 20 to 22 percent of its total cost; fuel, tires, time, and money spent for maintenance/repair, length of service, and other operating expenses determine the real cost of a new truck.*

• The daily operating cost.
• Time and money spent for maintenance and repair.
• The amount of time the vehicle will provide profitable service.
• Replacement trade-in value.

There are many factors to consider when determining which truck is best: economy, longevity, serviceability, and driver creature comforts. Although the initial price is important, it's important to remember that it is less than 22 percent of the total lifetime cost of the truck.

A commercial diesel engine generally averages up to twice the miles-per-gallon as gasoline engines. Fuel savings attributable to diesel can equal thousands of dollars over just a few years of operation. In addition, diesel engines have an operating life up to twice as long as gasoline engines. Regular maintenance is a vital ingredient in maximizing the output and longevity of a truck.



*Paul Vikner, director of sales and marketing for Isuzu Truck of America.*

But how can a business identify a high quality truck from a lesser quality?

Like all major purchases, this is an area where a little research pays big dividends. Other truck users in the same type of business, or those closely related to it, will provide the best indication of how different trucks operate under various conditions.

**Trade-In Value**

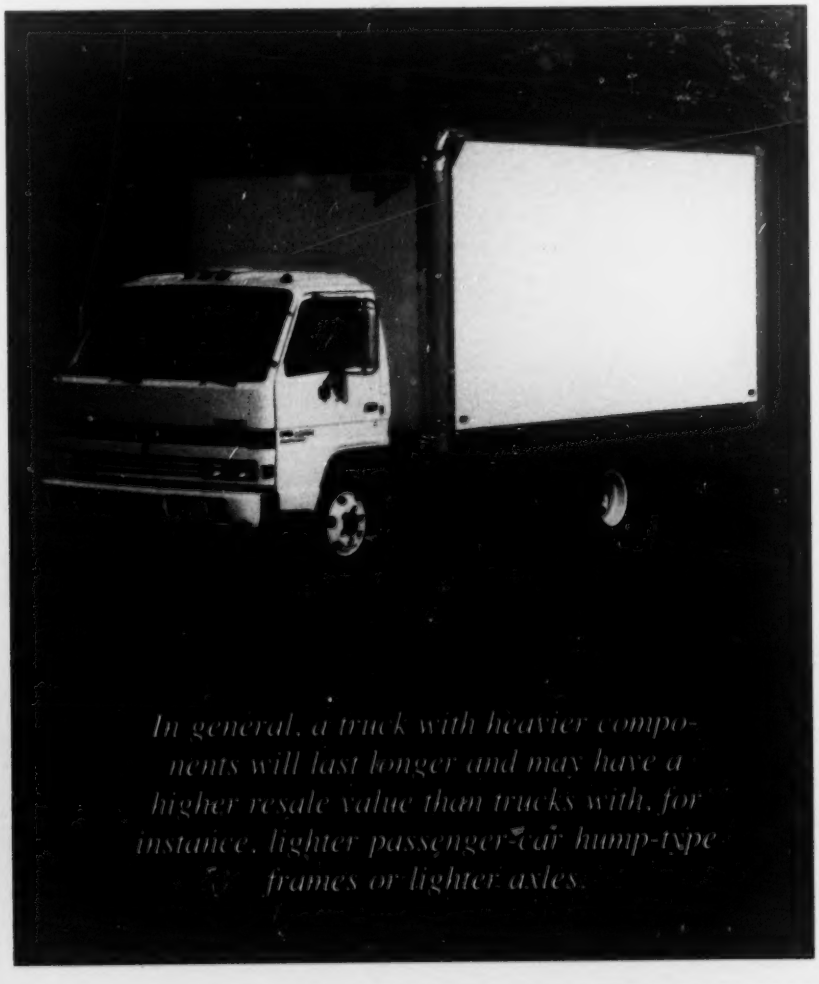
There comes a time in every truck's life, no matter how reliable it has been, when it needs to be replaced, perhaps retired. In shopping for a new truck, fleets will find that an old truck may still retain value as a trade-in; just another way a quality vehicle pays dividends.

But how can you determine what a used truck may be worth? In general, trucks with built-in longevity, heavy components, and quality parts will retain their value and performance longer. When looking at major components like the engine, assume a diesel engine will last longer and draw a greater resale price than a gasoline engine.

In addition, there are truck industry publications, such as *Red Book*, that put a value on new and used trucks. This will provide an indication of how each truck may retain its value.

In general, a truck with heavier components will last longer and may have a higher resale value than trucks with, for instance, lighter passenger-car hump-type frames or lighter axles.

When it comes time to build your transportation capacity, it is vital to find a truck that is going to enhance your profitability. What is needed is reliability, durability, creature comforts, and excellent fuel mileage to reduce transport costs and increase productivity over the long-run. AF



*In general, a truck with heavier components will last longer and may have a higher resale value than trucks with, for instance, lighter passenger-car hump-type frames or lighter axles.*

***The preceding is an edited article prepared by Paul Vikner, director of sales and marketing for Isuzu Truck of America.***

*A routine internal investigation revealed that Xerox Corp. could save "millions of dollars" in fleet insurance and accident costs. The secret: fleet liability costs for vans and light duty trucks are significantly less than passenger cars.*

# Reducing Fleet Insurance And Accident Costs

Sometimes, it's a good idea to take a second look at an insurance program — even if it's working well.

That's exactly what Phil Fishbach did. He is vice president of finance for Xerox's U.S. marketing group in Rochester, NY. He directed Ron Pink, fleet manager, to investigate the entire area of insurance costs and vehicle life to determine whether there was any opportunity to reduce insurance expenses within reasonable risk parameters.

As it turned out, the opportunity was, indeed, present. Both Fishbach and Pink played key roles on a management team that has saved Xerox "millions of dollars" by simply converting the entire 12,000-vehicle Xerox fleet to less risky minivans and light pickups and by increasing their life cycle.

*Seated are four members of the "problem solving team" Xerox assembled to investigate the corporation's fleet insurance and accident costs. From the left: Debbie Wight (customer service and administration finance), Larry Durham (customer service planning), Phil Fishbach (finance), and Ron Pink (fleet).*

### A Historic Coup

Privately, Xerox has identified the total potential dollar savings. Publicly, however, Xerox declined to release the actual numbers for publication, but the sheer magnitude of the savings is so significant that it can perhaps be described as one of the biggest single management coups in the history of fleet operations and insurance.

And, while the Xerox case may not translate directly to other companies— since Xerox is self-insured and runs its own leasing company (LMV) — it is certain to generate broad interest.

The actual savings on Xerox's insurance and accident programs were completely unexpected. It all began when Fishbach asked for a routine investigation to determine whether there was anything the corporation could do to drive down its vehicle insurance costs.

When the initial findings of a nearly year-long in-house study were presented to Fishbach, he found the potential impact amazing.

## Benchmarking: Cost Of Liability Coverage For Various Companies

| Company | Liability Costs Per Vehicle Per Year | Comment |
|---|---|---|
| Xerox | $495 | $1.0 million deductible, approximately 10,000 vehicles. |
| Nestle | $750 | $250,000 deductible, approximately 1,300 vehicles. |
| Unisys | $580 | New fleet, approximately 8,000 vehicles. |
| Insurance Co. Avg. | $635 | Weighted average of fleet rates with a private car used for business. |
| AMETEC | $450 | $100,000 deductible, approximately 300 vehicles, many executive cars. |
| Hewlett Packard | N/A | N/A |

### Xerox's Fleet Record

Elsewhere in the corporation, the report did more than raise a few eyebrows.

Who would have ever imagined that Xerox, through a routine quality improvement process, could discover the potential for such significant savings in its fleet operations? The answer is almost no one because the Xerox fleet has a record which is more than just pretty good: it's excellent.

These were some of the high points of the company's fleet record, as it existed when Xerox decided to take another look at its vehicle insurance program:

- Its accident fatality rate was only 20 percent of the national rate.
- There had been a steady reduction in the number of accidents per million miles driven since 1977. This is a result of driver safety programs, a company driver's license "point" policy, and the downsizing of vehicles.
- The company's 10-year database had proved, among other things, that Xerox's injury and repair costs were markedly below the national average.
- And its self-insurance program was inexpensive by fleet standards.

*Ron Pink, business manager, vehicle fleet for Xerox Corp.*

### Making Improvements

How do you improve on Xerox's already excellent record?

"It wasn't easy," says Pink. "Because of the volume of research, the raw data alone stands several inches high and it's printed on both sides, too."

Buried in that stack of documentation was a seemingly innocuous fact: the liability costs Xerox sustained for vans and light pickup trucks was significantly less than for passenger cars.

Was this fact simply an aberration? One might say yes, particularly since other corporations have tried unsuccessfully to develop a common driver profile as a way to improve the driving habits of those people who seem to be accident-prone. But Xerox has learned that no such profile exists.

Isn't it reasonable, then, to think there's no such thing as a common vehicle profile? Well, reasonable or not, the vehicle profile was indeed the answer.

### Management's Response

When the seven-member team presented its findings, the data was so compelling that after two brief meetings, senior management gave the approval to begin the immediate conversion from a mixed fleet of 12,000 vehicles to one entirely composed of vans and light pickup trucks, eliminating passenger cars completely.

Interestingly, Xerox has been using domestic minivans since their introduction in 1984. The vast majority of its fleet, however, has

been passenger cars (9,000). Of the balance, 2,000 were vans, and the remaining 1,000 were other types.

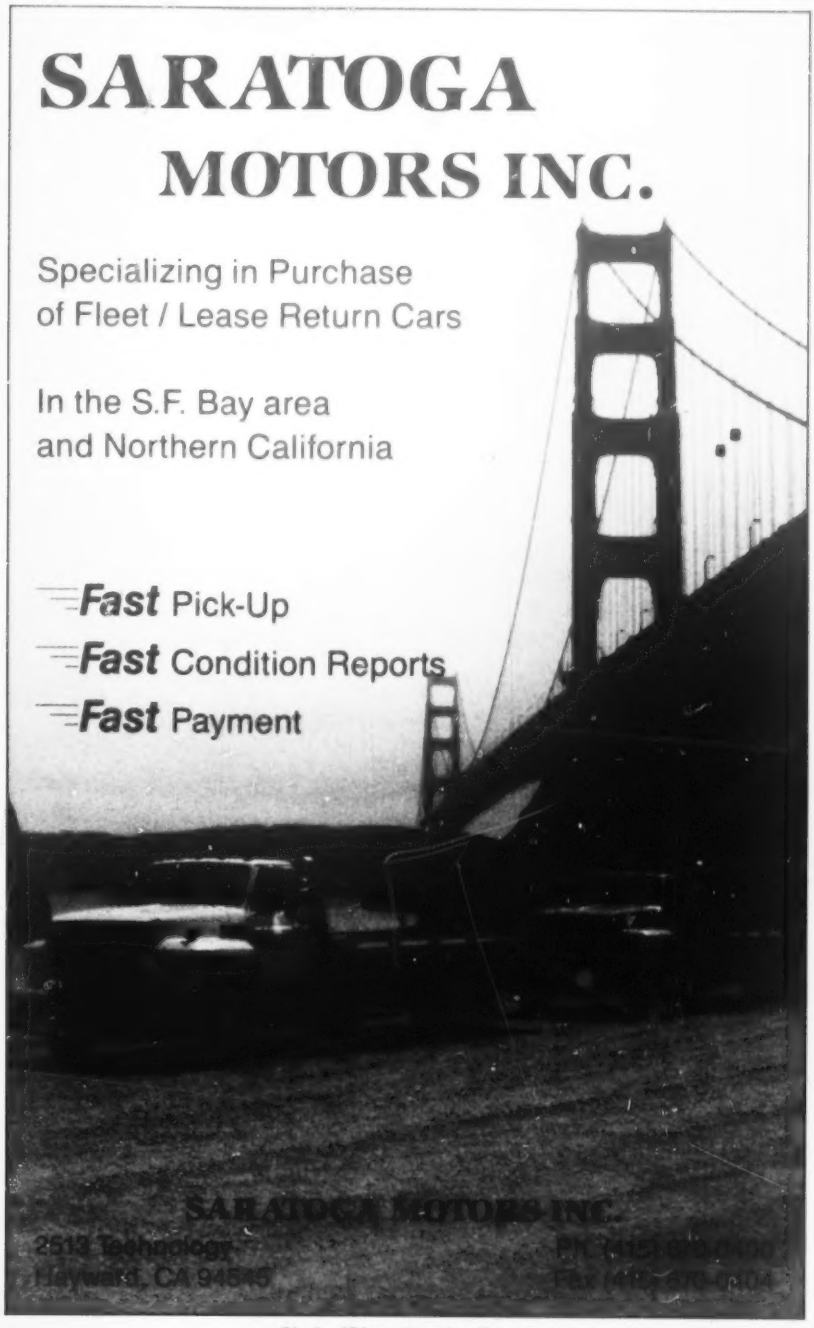
"The entire process will take some time," Pink says. "In the first six months of 1989, we've already had a significant decline in insurance costs. We're going to continue to track our experience on a quarterly basis to make sure we maintain that momentum.

"Also, as a result of our study, we're extending our vehicle life from three to four years.

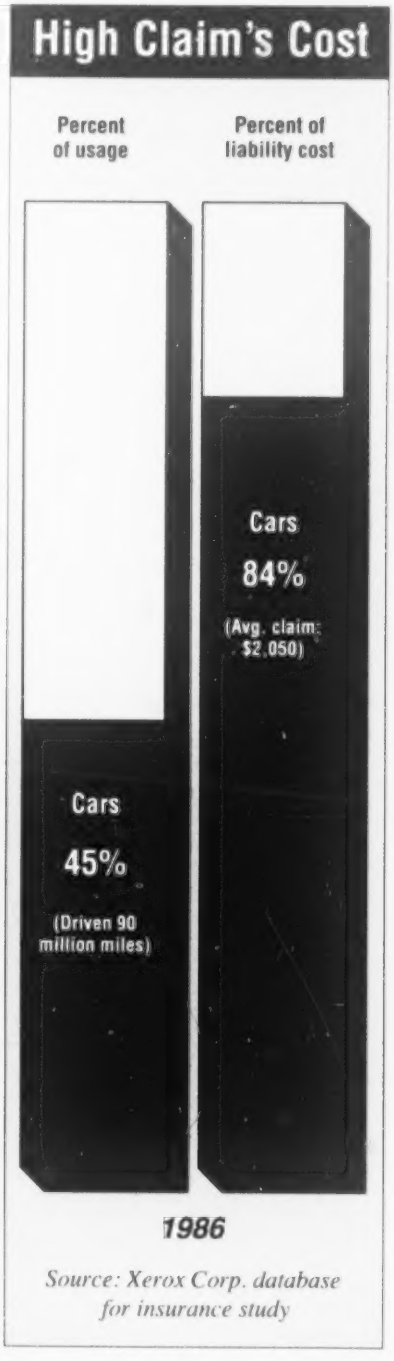
"This isn't nickels and dimes, we're talking big stuff here. There's absolutely no question in my mind about it. This is big money we're saving. The potential is absolutely unbelievable."

### The Team

The "problem solving team" was composed entirely of vice presidents. In addition to Pink, other quality improvement process members included: Chuck Armstrong (corporate risk management); Jack Spear (vehicle fleet business); Gordon Shakotko (customer service); Virginia Warfield (financial business);

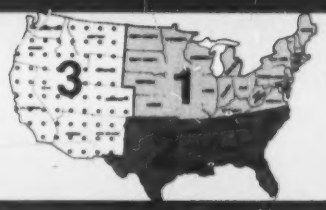




Circle 121 on Inquiry Card

# USED CARS

The following are average used-car prices for the period ending January 1, 1990. Prices are based on wholesale activity at major dealers across the country. They are divided into three zones as indicated on the accompanying map. These averages are calculated electronically in IBM machines. They are based on clean cars only. Proper allowance should be made for upgrading sharp cars and proper deduction taken for fair cars. Automatic transmissions have been included in the averages of all models. This information is published in *Automotive Fleet* by special permission of Automotive Market Report.




| Model | Zone 1 | Zone 2 | Zone 3 |
|---|---|---|---|
| **88 BUICK SKYHAWK** | | | |
| Coupe | 5,631 | 5,687 | 5,519 |
| Sedan | 5,711 | 5,767 | 5,599 |
| **87 BUICK SKYHAWK** | | | |
| Cust Coupe | 4,602 | 4,648 | 4,510 |
| Cust Sedan | 4,674 | 4,720 | 4,579 |
| **88 BUICK SKYLARK** | | | |
| Cust Sedan | 6,883 | 6,953 | 6,743 |
| **87 BUICK SKYLARK** | | | |
| Cust Sedan | 5,765 | 5,823 | 5,649 |
| **88 BUICK CENTURY** | | | |
| Cust Sedan | 6,946 | 7,017 | 6,808 |
| **87 BUICK CENTURY** | | | |
| Cust Sedan | 5,779 | 5,837 | 5,664 |
| **88 BUICK LESABRE** | | | |
| Cust Sedan | 8,835 | 8,922 | 8,659 |
| **87 BUICK LESABRE** | | | |
| Cust Sedan | 7,418 | 7,493 | 7,270 |
| **88 CADILLAC DE VILLE** | | | |
| Coupe | 14,138 | 14,279 | 13,854 |
| Sedan | 14,304 | 14,447 | 14,018 |
| **87 CADILLAC DE VILLE** | | | |
| Coupe | 11,637 | 11,754 | 11,405 |
| Sedan | 11,780 | 11,899 | 11,544 |
| **88 CADILLAC SEVILLE** | | | |
| Sedan | 15,316 | 15,469 | 15,010 |
| **87 CADILLAC SEVILLE** | | | |
| Sedan | 12,970 | 13,101 | 12,712 |
| **88 CHEVY BERETTA** | | | |
| Coupe | 6,581 | 6,645 | 6,449 |
| **88 CHEVY CORSICA** | | | |
| Sedan | 6,180 | 6,244 | 6,059 |
| **87 CHEVY BERETTA** | | | |
| Coupe | 5,269 | 5,322 | 5,165 |
| **87 CHEVY CORSICA** | | | |
| Sedan | 4,858 | 4,909 | 4,763 |
| **88 CHEVY CAVALIER** | | | |
| Sedan | 5,561 | 5,617 | 5,450 |
| **87 CHEVY CAVALIER** | | | |
| Sedan | 4,265 | 4,307 | 4,181 |
| **88 CHEVY CELEBRITY** | | | |
| Sedan | 6,498 | 6,564 | 6,368 |
| **87 CHEVY CELEBRITY** | | | |
| Sedan | 5,199 | 5,251 | 5,096 |
| **88 CHEVY CAPRICE** | | | |
| Sedan | 7,288 | 7,360 | 7,142 |
| **87 CHEVY CAPRICE** | | | |
| Sedan | 5,939 | 5,997 | 5,818 |
| **88 CHRYSLER NEW YORKER** | | | |
| Sedan | 10,299 | 10,402 | 10,092 |
| **87 CHRYSLER NEW YORKER** | | | |
| Sedan | 7,409 | 7,481 | 7,260 |
| **88 CHRYSLER FIFTH AVENUE** | | | |
| Sedan | 10,133 | 10,235 | 9,932 |
| **87 CHRYSLER FIFTH AVENUE** | | | |
| Sedan | 7,584 | 8,062 | 7,823 |
| **88 DODGE ARIES AMERICA** | | | |
| Sedan | 5,048 | 5,092 | 4,947 |
| **87 DODGE ARIES** | | | |
| Sedan | 4,067 | 4,107 | 3,985 |
| **88 DODGE SHADOW** | | | |
| Liftbk 5 Dr | 5,379 | 5,434 | 5,273 |
| **87 DODGE SHADOW** | | | |
| Liftbk 4 Dr | 4,453 | 4,498 | 4,364 |
| **88 DODGE DYNASTY** | | | |
| Sedan | 8,143 | 8,225 | 7,980 |
| **88 FORD ESCORT** | | | |
| Htchbk 4 Dr GL | 4,569 | 4615 | 4,479 |
| **87 FORD ESCORT** | | | |
| Htchbk 4 Dr GL | 3,630 | 3,668 | 3,559 |
| **88 FORD MUSTANG** | | | |
| LX-4 Coupe | 6,140 | 6,213 | 6,026 |
| **87 FORD MUSTANG** | | | |
| LX-4 Coupe | 5,025 | 5,075 | 4,924 |
| **88 FORD TEMPO** | | | |
| GL Sedan 4 Dr | 5,466 | 5,522 | 5,358 |
| **87 FORD TEMPO** | | | |
| GL Sedan 4 Dr | 4,393 | 4,438 | 4,308 |
| **88 FORD TAURUS** | | | |
| GL Sedan 4 Dr | 7,297 | 7,370 | 7,152 |
| **87 FORD TAURUS** | | | |
| GL Sedan 4 Dr | 6,052 | 6,112 | 5,932 |
| **88 FORD CROWN VICTORIA** | | | |
| Sedan | 9,442 | 9,536 | 9,254 |
| **87 FORD CROWN VICTORIA** | | | |
| Sedan | 7,884 | 7,963 | 7,726 |
| **88 FORD THUNDERBIRD** | | | |
| Coupe | 8,383 | 8,468 | 8,216 |
| **87 FORD THUNDERBIRD** | | | |
| Coupe | 6,928 | 6,997 | 6,788 |
| **88 LINCOLN** | | | |
| Town Car Sedan | 14,266 | 14,409 | 13,979 |
| Mark VII Coupe | 15,846 | 16,003 | 15,527 |
| Continental Sedan | 17,598 | 17,774 | 17,247 |
| **87 LINCOLN** | | | |
| Town Car Sedan | 11,998 | 12,116 | 11,757 |
| Mark VII Coupe | 12,788 | 12,917 | 12,532 |
| Continental Sedan | 12,982 | 13,113 | 12,723 |
| **88 MAZDA 626** | | | |
| LX Sedan 4 Dr | 8,493 | 8,577 | 8,323 |
| **88 MERCURY COUGAR** | | | |
| LS Coupe | 8,757 | 8,845 | 8,582 |
| **87 MERCURY COUGAR** | | | |
| LS Coupe | 7,276 | 7,348 | 7,130 |
| **88 MERCURY TOPAZ** | | | |
| GS Sedan 4 Dr | 5,556 | 5,609 | 5,443 |
| **87 MERCURY TOPAZ** | | | |
| GS Sedan 4 Dr | 4,402 | 4,447 | 4,314 |
| **88 MERCURY SABLE** | | | |
| GS Sedan | 7,408 | 7,481 | 7,260 |
| **87 MERCURY SABLE** | | | |
| GS Sedan | 6,076 | 6,138 | 5,955 |
| **88 MERCURY GRAND MARQUIS** | | | |
| Sedan | 9,949 | 10,048 | 9,751 |
| **MERCURY GRAND MARQUIS** | | | |
| Sedan | 8,455 | 8,538 | 8,285 |
| **88 NISSAN SENTRA** | | | |
| Sedan 2 Dr | 4,586 | 4,632 | 4,495 |
| **88 NISSAN STANZA** | | | |
| E Ntch 4 Dr | 7,369 | 7,442 | 7,222 |
| **88 NISSAN MAXIMA** | | | |
| SE Sedan | 11,358 | 11,472 | 11,131 |
| **87 NISSAN SENTRA** | | | |
| Sedan 2 Dr | 3,753 | 3,790 | 3,670 |
| **87 NISSAN STANZA** | | | |
| E Ntch 4 Dr | 5,891 | 5,950 | 5,773 |
| **87 NISSAN MAXIMA** | | | |
| SE Sedan | 8,869 | 8,959 | 8,692 |
| **88 OLDS CALAIS** | | | |
| Sedan | 6,806 | 6,873 | 6,671 |
| **87 OLDS CALAIS** | | | |
| Sedan | 5,772 | 5,830 | 5,651 |
| **88 OLDS CIERA** | | | |
| Coupe | 6,872 | 6,940 | 6,735 |
| Sedan | 6,946 | 7,017 | 6,808 |
| **87 OLDS CIERA** | | | |
| S Coupe | 5,764 | 5,821 | 5,649 |
| Sedan | 5,830 | 5,890 | 5,714 |
| **88 OLDS CUTLASS SUPREME** | | | |
| Coupe | 7,924 | 8,004 | 7,766 |
| **87 OLDS CUTLASS SUPREME** | | | |
| Coupe | 6,669 | 6,735 | 6,536 |
| Sedan | 6,669 | 6,735 | 6,536 |
| **88 OLDS 98 REGENCY** | | | |
| Sedan | 10,381 | 10,485 | 10,173 |
| **87 OLDS 98 REGENCY** | | | |
| Sedan | 8,650 | 8,736 | 8,476 |
| **88 PLYMOUTH RELIANT** | | | |
| Sedan | 5,073 | 5,123 | 4,973 |
| **87 PLYMOUTH RELIANT** | | | |
| Sedan | 4,087 | 4,127 | 4,006 |
| **88 PLYMOUTH SUNDANCE** | | | |
| Liftbk 4 Dr | 5,375 | 5,429 | 5,268 |
| **87 PLYMOUTH SUNDANCE** | | | |
| Liftbk 4 Dr | 4,435 | 4,479 | 4,345 |
| **88 PLYMOUTH GRAN FURY** | | | |
| Salon Sedan | 5,640 | 5,697 | 5,527 |
| **87 PLYMOUTH GRAN FURY** | | | |
| Salon Sedan | 4,518 | 4,563 | 4,427 |
| **88 PONTIAC SUNBIRD** | | | |
| SE Coupe | 5,693 | 5,752 | 5,580 |
| Sedan | 5,770 | 5,827 | 5,655 |
| **87 PONTIAC SUNBIRD** | | | |
| SE Coupe | 4,466 | 4,512 | 4,378 |
| Sedan | 4,482 | 4,527 | 4,393 |
| **88 PONTIAC 6000** | | | |
| Coupe | 6,571 | 6,638 | 6,441 |
| Sedan | 6,645 | 6,711 | 6,511 |
| **87 PONTIAC 6000** | | | |
| Coupe | 5,318 | 5,371 | 5,211 |
| Sedan | 5,380 | 5,434 | 5,273 |
| **88 PONTIAC GRAND AM** | | | |
| Sedan | 6,683 | 6,749 | 6,548 |
| **87 PONTIAC GRAND AM** | | | |
| Sedan | 5,962 | 6,021 | 5,843 |
| **88 PONTIAC BONNEVILLE** | | | |
| Sedan | 8,788 | 8,875 | 8,612 |
| **87 PONTIAC BONNEVILLE** | | | |
| Sedan | 7,463 | 7,537 | 7,314 |
| **88 PONTIAC GRAND PRIX** | | | |
| Coupe | 8,109 | 8,190 | 7,948 |
| **87 PONTIAC GRAND PRIX** | | | |
| Coupe | 6,732 | 6,800 | 6,598 |
| **88 TOYOTA COROLLA** | | | |
| Sedan 4 Dr Deluxe | 6,610 | 6,676 | 6,478 |
| **88 TOYOTA CAMRY** | | | |
| Sedan 4 Dr Deluxe | 8,794 | 8,881 | 8,618 |
| **88 TOYOTA CRESSIDA** | | | |
| Lux Sedan | 13,266 | 13,398 | 13,001 |
| **87 TOYOTA COROLLA** | | | |
| Sedan 4 Dr Deluxe | 5,226 | 5,279 | 5,122 |
| **87 TOYOTA CAMRY** | | | |
| Sedan 4 Dr Deluxe | 7,578 | 7,653 | 7,426 |
| **87 TOYOTA CRESSIDA** | | | |
| Lux Sedan | 11,079 | 11,190 | 10,858 |
| **88 VOLKSWAGEN JETTA** | | | |
| Sedan 4 Dr | 7,034 | 7,104 | 6,893 |
| **87 VOLKSWAGEN JETTA** | | | |
| Sedan 4 Dr | 5,793 | 5,851 | 5,677 |

# CALENDAR

## FEBRUARY

**6-8**–National Association of Fleet Administrators, Professional Fleet Management Education Seminars, Marriot Hotel, San Diego, CA. Information: (201) 494-8100.

**10-13**–National Automobile Dealers Association Annual Convention, Convention Center, Las Vegas, NV. Information: (703) 821-7000.

**21-24**–American Automotive Leasing Association Convention, Doral Country Club, Miami, FL. Information: (202) 223-2118.

**25-Mar.1**–American Car Rental Association, 12th Annual Convention, Arizona Biltmore, Phoenix, AZ. Information: (202) 223-2118.

## MARCH

**4-7**– Limousine & Chauffeur Show, Las Vegas Hilton, Las Vegas, NV. Information: (213) 376-8788.

**8-11**–Truck Renting and Leasing Association Annual Convention, Westin La Paloma, Tucson, AZ. Information: (202) 775-4859.

**11-14**–Consumer Bankers Association, Automobile Finance Conference, Registry Hotel, Denver, CO. Information: (703) 276-1750

## APRIL

**19-21**–National Truck Equipment Association Annual Convention, Washington Convention Center, Washington D.C. Information: (800) 321-1988.

**22-25**–National Association of Fleet Administrators' Annual Convention, Westin Hotel, Houston, TX. Information: (201) 494-8100.

## MAY

**8-13**–National Vehicle Leasing Association Annual Convention, Ramada Renaissance, Washington, D.C. Information: (213) 838-3170.

# AD INDEX


Adrian Steel ..... 83
Amoco Oil ..... 11
Ted Arendale ..... 90
Auto Driveaway ..... 34
Automotive Fleet ..... 97
ARI ..... 32, 33
Buick ..... 55
Champion Motor Coach ..... 85
Chevrolet ..... IFC, 1
Chrysler TOP 100 ..... 37-52
Consolidated Services ..... 18
Dallas Dealers ..... 87
Faul Fleet Group ..... 98
Ford Fleet Service Plan ..... 5
G.E. Capital ..... 3
Getty Petroleum ..... 63
Heritage Cadillac ..... 94
Houston Dealers ..... 19
Iveco Trucks ..... 81
Johnny's County Motors ..... 93
Jordan Group ..... 88
Lexus ..... 24,25
LMV Leasing ..... IBC
Longo Toyota ..... 67
Magarity ..... 93
Manheim Auctions ..... 4
Mazda ..... 20
McCullagh Leasing ..... 56, 57
Mill Supply ..... 99
National Auto Research ..... 75
NTEA ..... 86
Newman Chevrolet ..... 90
Nissan ..... 6, 7
No. California Dealers ..... 89
Oldsmobile ..... 60, 61
Orland Park Nissan ..... 91
Pontiac ..... BC
Potamkin Fleet Network ..... 92
Reel Craft ..... 88
Rental Concepts ..... 14
Saratoga Motors ..... 72
South Coast Air Quality ..... 94
Subaru of America ..... 58
Thomas Buick ..... 94
Thorson Oldsmobile ..... 91
Toyota ..... 15, 16, 17
Toyota Motor Credit ..... 73
U.M.C ..... 79
Universal Ford ..... 95
Volkswagen ..... 64, 65
Walker Buerge ..... 84
Westside Jeep ..... 34
Winner Fleet ..... 95
Subaru ..... 103
Sun Art Decals, Inc. ..... 160
Supreme Corp. ..... 175
Thorson Buick ..... 18
Phil Tolkan Pontiac ..... 14
Transamerica ..... 18
Toyota ..... 196, IBC
Union City Body ..... 163
Utilimaster ..... 171
U.S. Fleet Leasing ..... 8
Universal Ford ..... 183
Ultraseal ..... 180
Volkswagen ..... 107
Packy Webb ..... 162
Westside Jeep ..... 185
Wheels ..... 4, 5
Sam White Fleet Group ..... 109
Wilkie Enterprises ..... 16


# GAS PRICES

| City | UNLEADED Cost Per Gallon Unleaded Full-Serve | Self-Serve |
|---|---|---|
| Mobile, AL | 136.9¢ | 98.7¢ |
| Pasadena, CA | 137.9 | 86.2 |
| Denver, CO | 141.2 | 106.2 |
| Washington, D.C. | 146.6 | 111.7 |
| Pensacola, FL | 134.6 | 96.6 |
| Maui, HI | 181.9 | 141.7 |
| Chicago, IL | 161.3 | 119.5 |
| Bowling Green, KY | 139.4 | 98.2 |
| Worcester, MA | 121.4 | 95.2 |
| Springfield, MO | 114.6 | 91.9 |
| Las Vegas, NV | 117.2 | 112.9 |
| Rochester, NY | 109.6 | 98.4 |
| Uniontown, PA | 116.0 | 91.9 |
| Corpus Christi, TX | 125.9 | 90.4 |
| Roanoke, VA | 118.9 | 99.4 |

Survey conducted during the first five working days of January 1990.
Supplied by Runzheimer International, Runzheimer Park, Rochester, WI.